

# REBUILDING COMMUNITIES TAX CREDIT PROGRAM

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

## PURPOSE

Economically stimulate business activity in Missouri's "Rebuilding Areas."

## AUTHORIZATION

Sections 135.530 to 135.545, RSMo. (HB 1656, 1998)

## HOW THE PROGRAM WORKS

### *New or Relocating Businesses*

Eligible businesses may choose one of the 40% Tax Credits, plus obtain the 1.5% Employee Tax Credit.

- **40% Income Credit:** State income tax credit to the taxpayer for three years based on 40% of their income taxes due.
- **40% Specialized Equipment Credit:** State income tax credit of 40% based on the amount of funds expended for computer equipment and its maintenance, medical laboratories and equipment, research laboratory equipment, manufacturing equipment, fiber optic equipment, high speed telecommunications, wiring or software development expense.
- **1.5% Individual Credit:** Qualified employees of a new or relocating business may receive a tax credit against state individual income tax, equal to 1.5% of their gross salary paid at such facility. This credit can be earned for each of three years that the facility receives one of the 40% tax credits.

### *Existing Businesses*

Eligible business already located in a distressed area, which expend funds for specialized equipment, exceeding their average of the prior two years for such equipment, shall be eligible to receive a 25% tax credit against state income taxes owed.

### *"Enhanced" Existing Business*

Any existing business that doubles the number of existing employees (based on FTE equivalent) at the facility, measured from the submittal date of the Pre-Application, can apply for the 40% tax credits and the 1.5% Employee tax credit as a "New or Relocating" business.

## ELIGIBLE AREAS

Based on demographic requirements, 214 entire cities qualify, along with some census block groups. Call 1-877-618-5857 or 573-751-0717 to determine eligibility for specific areas.

## ELIGIBLE APPLICANTS

- An existing business; a new business; or a relocating business (moving from outside an eligible area into a eligible distressed area).
- Have more than 75% of its employees at the facility in the distressed community, prior to the issuance of tax credits.
- Have fewer than 100 employees total for all facilities at the time a Pre-Application is submitted.
- Manufacturing, biomedical, medical devices, scientific research, animal research, computer software design or development, computer programming, telecommunications or a professional firm (certain types only) are eligible.

## ELIGIBLE USE OF TAX CREDITS

- The two 40% tax credits and the 25% credit may be used for taxes owed the previous three years, in any of the five tax years thereafter, or may be transferred, sold or assigned
- The 1.5% tax credit may be sold or transferred. This credit may not be carried forward or go back to previous years.

- The tax credits may offset state income taxes owed in chapters 143, 147 and 148, RSMo.

## **APPLICATION PROCEDURE/APPROVAL METHOD**

- Eligible businesses must submit a Pre-Application to DED **prior** to both (a) the commencement of operations for new or relocating businesses, and (b) incurring costs for the purchase of specialized equipment, if applicable.
- Existing businesses must submit a Pre-Application no earlier than January 1 in each tax year that they intend to request tax credits for the purchase of new specialized equipment.
- Tax credits shall be reserved for applicants meeting the requirements of the program in the order that Pre-applications are received. The credits are awarded for only one project of each eligible business facility.
- Tax credits will be issued upon the submission of the Application by the appropriate deadline. March 1 for the 1.5% Employee Tax Credit; November 30 for the 40% and 25% Specialized Equipment Credit and prior to 30 days after the filing of the business's income tax, for the 40% Income Credit.

The application, guidelines and other program information is available at [www.missouridevelopment.org/communities/rebuildingcommunities](http://www.missouridevelopment.org/communities/rebuildingcommunities)

## **FUNDING LIMITS**

- The total tax credits for the two 40% credits, the 1.5% credit and the 25% tax credit is \$10 million for each calendar year for all businesses.
- **Income Credit:** the maximum amount of credits per taxpayer is \$125,000/year for each of the three years for which the credit is claimed.
- **Specialized Equipment Credit:** The maximum amount of credits receivable is \$75,000/year per business for the year of commencement of operations plus the next 3 years.
- **25% Tax Credit:** The maximum amount of credits for existing businesses is \$75,000/year per business. The overall maximum amount of

tax credits that can be issued under this tax credit in any one calendar year is \$750,000.

## **SPECIAL PROGRAM REQUIREMENTS**

No business shall earn Rebuilding Community Tax Credits and Enterprise Zone or Business Facility Tax Credits for the same project for the same tax period. If a project is eligible for more than one, the business may choose only one program.

## **CONTACT**

MO Department of Economic Development  
Incentives Section  
301 West High Street, P.O. Box 118  
Jefferson City, MO 65102  
Phone: 573-751-0717 Fax: 573-751-7384  
E-mail: [dedfin@ded.state.mo.us](mailto:dedfin@ded.state.mo.us)

## **OTHER INFORMATION SOURCES OF DED**

- Web site: [www.missouridevelopment.org](http://www.missouridevelopment.org)
- E-mail: [ecodev@ded.state.mo.us](mailto:ecodev@ded.state.mo.us)

## **MISSOURI ECONOMIC ASSISTANCE CENTER**

provides program summaries on resources that are available through the Department of Economic Development that maybe of assistance to your business or community. Visit the web site at [www.missouridevelopment.org/business/economicassistancecenter](http://www.missouridevelopment.org/business/economicassistancecenter)

**MISSOURI LOCATION ONE** is an internet-based searchable system that shows available buildings and sites across Missouri. This system allows location consultants and company owners to evaluate Missouri communities from across the nation quickly and at no cost. This system can be accessed at [www.missouridevelopment.org](http://www.missouridevelopment.org) and clicking on business.

The **COMMUNITY DEVELOPMENT** group offers over 15 different tax credit and grant programs to specifically meet the needs of not-for-profit organizations, community groups, and local government in areas such as infrastructure improvement, housing, violence prevention, and community facilities. For more information please call (573) 522-6155 or access the information at [www.missouridevelopment.org/communities](http://www.missouridevelopment.org/communities)